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The Commonwealth of Massachusetts: Auditor's dept.

DEPARTMENT OF THE AUDITOR

ANNUAL REPORT

FOR THE

Year Ending November 30, 1936.



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DEPARTMENT OF THE AUDITOR

MASS. OFFICIAL

ANNUAL REPORT

To the Honorable Senate and House of Representatives:

I have the honor to submit my second annual report for the year ended November 30, 1936. As Auditor of the Commonwealth, I desire to make the following recommendations to improve the efficient conduct of the business of the Commonwealth. These recommendations, with a brief summary as to their value, are as follows:

1. To transfer the Division of Accounts from the Department of Corporations and Taxation to this department.
2. To transfer the duties of the Comptroller's office to this department.
3. To authorize the Auditor to fix the salary of the Second Deputy Auditor.

In connection with the first recommendation, it is my belief that all auditing of the Commonwealth should be centralized in one department whose primary duties are concerned with the auditing of the accounts of not only the departments and institutions, but as well the units of the government, cities, and towns.

It is my belief that the auditing of the municipal accounts is properly the concern of an elective officer whose responsibility is to the people of the Commonwealth rather than the responsibility of a department official responsible to the Governor, the appointing power.

The recommendation as to the transfer of the duties of the Comptroller's office is in accordance with my belief that the control of payments from the funds of the Commonwealth should rest with an elected official responsible directly to the people rather than with an official appointed by the Governor and a co-member of the board responsible in great part for the incurring of state expenditures. The Auditor, through his direct control of expenditures, could more satisfactorily check extravagant and unwise expenditures through refusal to approve such incurred expenditures. At the present time, under the system of state payments, any unwise expenditures which are noted in connection with our examination of the accounts of the state departments and institutions have already been paid. Our correction of such payment is subject to recommendation to the Comptroller's office which has, under the present system, already approved the bill and rarely, if ever, changes its original decision.

In addition, examination will show that under the present system if the Comptroller is under the impression that the bill should not be paid or expenditure should not be incurred, such expenditure is submitted on a separate schedule to the Governor and Council. Up to the present time, rarely, if ever, has it been found that the Governor and Council has followed the recommendations of the Comptroller in refusing to approve such expenditure.

In addition, the power of the Auditor, an elective official, to make such essential changes as he believes beneficial to the people of the Commonwealth, is subject to the approval or disapproval of the Comptroller, who in no respect is responsible to the people.

The recommendation to permit the Auditor to fix the salary of the Second Deputy Auditor will bring such authority in keeping with the present statute providing for the setting of the salary of the First Deputy Auditor. At the present time, certain employees of the department through reclassification are paid at a higher salary than their immediate superior, the Second Deputy Auditor.

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In past years, it has been the custom of this department to submit to the Comptroller of the Commonwealth, to the head of the particular department, and to the head of the institution or division of the major department, copies of the annual audit made by this office. This practice has been continued this year, and in addition, copies of the audits made during this year have been submitted to the Honorable Senate and House of Representatives. This was done as a result of a suggestion of the Ways and Means Committee of your honorable bodies. I also enclose herewith a copy of the various recommendations made in these reports.

Since the last annual report, Miss Frances Levine was promoted to the position of senior clerk and stenographer from the classification of junior clerk and stenographer, and Mr. William E. Lufkin was promoted from the classification of junior accountant to the position of semi-senior accountant. The two vacancies existing at the time of my last report have been filled by the appointments of James W. Nawn of Worcester, to the position of semi-senior accountant, and George H. Waters of Newton, as a junior accountant. Mr. Nawn is a disabled veteran and Mr. Waters is a veteran.

Since the last report, the following audits have been made by this department:

AUDITS FOR 1936 FISCAL YEAR

Governor and Council:

Art Commission for the Commonwealth.....	Oct. 30, 1935	Nov. 17, 1936
Ballot Law Commission.....	Dec. 1, 1935	Nov. 23, 1936
Comptroller's Bureau.....	Dec. 1, 1934	Nov. 30, 1935
Commission on Uniform State Laws.....	Dec. 1, 1935	Nov. 24, 1936
Purchasing Bureau—Supply Room.....	Dec. 1, 1934	Nov. 30, 1935
Commissioner of State Aid and Pensions.....	Dec. 1, 1935	Nov. 16, 1936
Public Bequest Commission.....	Oct. 31, 1935	Oct. 31, 1936
Soldiers' Home in Massachusetts.....	June 19, 1935	Mar. 13, 1936
Trustees of the State Library.....	June 27, 1935	Jan. 15, 1936
Alcoholic Beverages Control Commission.....	July 1, 1935	Sept. 25, 1936
State Superintendent of Buildings.....	June 27, 1935	Oct. 28, 1936
State Racing Commission.....	Dec. 1, 1935	Nov. 30, 1936
State Planning Board.....	Oct. 5, 1935	Oct. 30, 1936
Adjutant General.....	Nov. 12, 1935	Nov. 2, 1936

Legislative Department:

Sergeant-at-Arms.....	June 26, 1935	Sept. 8, 1936
Secretary of the Commonwealth.....	Oct. 21, 1935	Nov. 5, 1936
Treasurer and Receiver-General.....	Dec. 1, 1934	Nov. 30, 1935
Board of Tax Appeals.....	Oct. 7, 1935	Sept. 1, 1936
Emergency Public Works Commission.....	July 22, 1933	Nov. 30, 1935
Attorney General.....	May 21, 1935	Feb. 5, 1936
Department of Agriculture.....	July 14, 1935	Dec. 27, 1935
Milk Control Board.....	Sept. 3, 1935	June 22, 1936
Division of Livestock Disease Control.....	Nov. 14, 1935	May 22, 1936

Department of Conservation:

Division of Fisheries and Game.....	Jan. 1, 1935	Apr. 2, 1936
Division of Forestry.....	Sept. 12, 1935	July 1, 1936

Department of Banking and Insurance:

Division of Banks.....	June 14, 1935	Jan. 14, 1936
Division of Insurance.....	Dec. 1, 1934	Nov. 30, 1935
Division of Loan Agencies.....	May 17, 1935	Jan. 22, 1936
Division of Savings Bank Life Insurance.....	Dec. 1, 1935	Sept. 19, 1936

Department of Corporations and Taxation:

Income Tax Division.....	Dec. 1, 1934	Nov. 30, 1935
Division of Accounts.....	July 2, 1935	July 28, 1936

Department of Education:

General Department.....	Sept. 26, 1935	Oct. 1, 1936
Teachers' Retirement Board.....	Jan. 1, 1935	Dec. 31, 1935
Division of the Blind.....	Apr. 3, 1935	Dec. 20, 1935
Massachusetts Nautical School.....	Mar. 14, 1935	Mar. 17, 1936
State Teachers College at Bridgewater.....	July 1, 1935	Mar. 27, 1936
State Teachers College at Fitchburg.....	June 26, 1935	May 4, 1936
State Teachers College at Framingham.....	June 28, 1935	June 11, 1936
State Teachers College at Hyannis.....	June 24, 1935	June 25, 1936
State Teachers College at Lowell.....	July 11, 1935	Feb. 6, 1936
State Teachers College at North Adams.....	Sept. 3, 1935	Sept. 14, 1936
State Teachers College at Salem.....	July 9, 1935	Feb. 11, 1936
State Teachers College at Westfield.....	Sept. 3, 1935	Sept. 8, 1936
State Teachers College at Worcester.....	Oct. 24, 1935	Mar. 5, 1936
Massachusetts School of Art.....	Sept. 3, 1935	Aug. 31, 1936
Massachusetts State College.....	Dec. 1, 1934	Nov. 30, 1935
Bradford Durfee Textile School.....	Aug. 16, 1935	Jan. 31, 1936
Lowell Textile Institute.....	May 17, 1935	June 24, 1936
New Bedford Textile School.....	July 19, 1935	Jan. 9, 1936

Department of Civil Service and Registration:		
Division of Civil Service and Registration.....	Oct. 17, 1935	Nov. 9, 1936
Board of Registration of Barbers.....	Feb. 11, 1935	Mar. 11, 1936
Board of Registration of		
Certified Public Accountants.....	July 2, 1935	Mar. 12, 1936
Board of Dental Examiners.....	Oct. 10, 1935	Sept. 25, 1936
State Examiners of Electricians.....	Mar. 18, 1935	Sept. 23, 1936
Board of Registration in Embalming.....	Oct. 16, 1935	Oct. 3, 1936
Board of Registration of Hairdressers.....		Nov. 30, 1936
Board of Registration in Medicine and Chiropody.....	Jan. 21, 1935	Mar. 18, 1936
Board of Registration of Nurses.....	Jan. 21, 1935	Mar. 18, 1936
Board of Registration in Optometry.....	Oct. 15, 1935	Sept. 25, 1936
Board of Registration in Pharmacy.....	Oct. 24, 1935	Sept. 8, 1936
State Examiners of Plumbers.....	Nov. 12, 1935	Sept. 18, 1936
Board of Registration in Veterinary Medicine.....	Oct. 14, 1935	Nov. 12, 1936
Department of Labor and Industries		
General Department.....	Nov. 6, 1935	Oct. 8, 1936
Division of Standards.....	Oct. 15, 1935	Oct. 8, 1936
Unemployment Compensation Commission.....	Sept. 17, 1935	Oct. 30, 1936
Department of Industrial Accidents.....	Dec. 19, 1934	Jan. 2, 1936
Department of Mental Diseases:		
General Department.....	June 4, 1935	July 1, 1936
Belchertown State School.....	Jan. 21, 1935	Feb. 26, 1936
Boston Psychopathic Hospital.....	Feb. 6, 1935	Feb. 19, 1936
Boston State Hospital.....	Mar. 19, 1935	Mar. 30, 1936
Danvers State Hospital.....	June 10, 1935	Nov. 20, 1936
Foxborough State Hospital.....	May 3, 1935	Aug. 5, 1936
Gardner State Hospital.....	May 20, 1935	July 7, 1936
Grafton State Hospital.....	May 6, 1935	Oct. 1, 1936
Medfield State Hospital.....	Mar. 15, 1935	Mar. 9, 1936
Metropolitan State Hospital.....	Oct. 28, 1935	Nov. 19, 1936
Monson State Hospital.....	Oct. 31, 1935	Sept. 24, 1936
Northampton State Hospital.....	Sept. 11, 1935	Feb. 3, 1936
Taunton State Hospital.....	Mar. 21, 1935	Apr. 30, 1936
Walter E. Fernald State School.....	Sept. 25, 1935	Oct. 29, 1936
Westborough State Hospital.....	Mar. 26, 1935	Oct. 22, 1936
Worcester State Hospital.....	June 12, 1935	Aug. 17, 1936
Wrentham State School.....	Sept. 4, 1935	July 1, 1936
Department of Correction:		
General Department.....	Nov. 8, 1935	Nov. 4, 1936
Massachusetts Reformatory.....	Dec. 1, 1934	Nov. 30, 1935
Reformatory for Women.....	Dec. 1, 1934	Nov. 30, 1935
State Farm.....	Nov. 13, 1935	Sept. 21, 1936
State Prison.....	Dec. 1, 1934	Nov. 30, 1935
State Prison Colony.....	Apr. 15, 1935	Apr. 27, 1936
Department of Public Welfare:		
General Department.....	May 8, 1935	June 1, 1936
Boys' and Girls' Parole Department.....	Mar. 27, 1935	Feb. 3, 1936
Industrial School for Boys.....	Apr. 29, 1935	May 21, 1936
Industrial School for Girls.....	Oct. 31, 1935	May 11, 1936
Lyman School for Boys.....	July 22, 1935	Sept. 30, 1936
Massachusetts Hospital School.....	May 21, 1935	July 1, 1936
State Infirmary.....	Sept. 12, 1935	Sept. 14, 1936
Department of Public Health:		
General Department.....	Jan. 18, 1935	Sept. 21, 1936
Lakeville State Sanatorium.....	Jan. 31, 1935	Feb. 25, 1936
North Reading State Sanatorium.....	Feb. 26, 1935	Apr. 6, 1936
Rutland State Sanatorium.....	July 16, 1935	May 27, 1936
Westfield State Sanatorium.....	Sept. 24, 1935	Aug. 17, 1936
Pondville Cancer Hospital.....	July 15, 1935	June 4, 1936
Department of Public Safety:		
General Department.....	Jan. 11, 1935	Dec. 11, 1935
Department of Public Works:		
General Department.....	May 29, 1935	May 1, 1936
Registry of Motor Vehicles.....	Feb. 18, 1935	Jan. 6, 1936
Department of Public Utilities		
General Department.....	Apr. 1, 1935	Jan. 22, 1936
Metropolitan District Commission:		
General Department.....	Dec. 1, 1934	Nov. 30, 1935
Division of Metropolitan Planning.....	Dec. 1, 1935	Oct. 7, 1936
Metropolitan District Water Supply		
Commission.....	Oct. 7, 1935	Oct. 13, 1936

Respectfully submitted,

THOMAS H. BUCKLEY,
Auditor of the Commonwealth.

COMMENTS AND RECOMMENDATIONS MADE IN AUDIT REPORTS

COMMISSION ON ADMINISTRATION AND FINANCE

HOUSE BILL No. 500

It was noted that "House Bill 500" shows free cash of \$2,486,043.34, but does not mention that of this amount \$1,526,457.78 is in closed banks—it is suggested that the amount in closed banks be transferred from the cash book balance to a general ledger account.

It was also noted that "House Bill 500" makes no direct reference to the defaulted Massachusetts notes totaling \$764,750 due November 30, 1932, which are held in the sinking fund. There was however a \$721,730.44 surplus in the sinking fund.

OLD AGE ASSISTANCE FUND

It was noted that apparently there is a certain surplus in this fund on November 30, 1935, the status of which should be determined.

SOLDIERS' HOME IN MASSACHUSETTS

State Accounts: It was noted that the acting treasurer is not bonded.

Legacy Fund: It is suggested that separate accounts be raised in the general ledger with the bequests mentioned in the letter from Goodwin, Procter and Hoar. The propriety of the transfer of the trust funds to the Old Colony Trust Company seems to be open to question and it is suggested that the matter be referred to the Attorney General.

Effects Fund: It is suggested that the Attorney General be requested to determine the status of this fund.

ALCOHOLIC BEVERAGES CONTROL COMMISSION

It was recommended to the secretary of the commission that all licenses and permits for the 1937 fiscal year be serially numbered when printed, and made up in the form of stub books or in the form of an original and a carbon, and if in the form of an original and carbon, the carbon copies be filed in numerical sequence in the commission.

It is suggested that a record be kept of all seizures, this record also showing disposition.

It is also suggested that the commission request that the notification of excise taxes collected received monthly from the Income Tax Division be signed by the proper official.

SUPERINTENDENT OF BUILDINGS

It is recommended that the State Employees Cooperative Bank and State Employees Credit Union (private organizations operated for profit) be removed from the State House and the floor space so gained assigned to some of the state departments now located in privately owned buildings, which will to that extent reduce the amount of rent paid.

It is also recommended that the concessions for a restaurant, barber shop and candy stand, which are now granted rent free, be leased to the highest bidder, bids to be advertised for in the daily press.

It is suggested that the Comptroller's Bureau be requested to provide a columnar cash book in which all cash transactions will be recorded, a general ledger and triplicate sales slip books.

STATE RACING COMMISSION

State's share of commissions on dog racing handle: It is suggested that the State's share be materially increased. At present the commission is 15%, divided $3\frac{1}{2}\%$ to the Commonwealth and $11\frac{1}{2}\%$ to the racing association.

Outstanding tickets: It was noted that there is \$28,816.50 on account of 1935 racing season in outstanding tickets—it is again suggested that the racing associations be requested to pay this money over to the State Treasurer.

Underpayments by racing associations: It was noted that underpayments in 1935 were turned over to the Board of Relief, but that in 1936, the Commission made a rule requiring underpayments to be paid over to it and the Commission in turn paid over such monies to the State Treasurer as income.

License fees: It was noted that of the \$1,692 mentioned in the previous audit report as uncollected account of the 1935 season that the sum of \$96 was later collected. It was also noted in this connection that the 1936 racing rules eliminated many of the fees charged in 1935.

ADJUTANT GENERAL'S DEPARTMENT

It is recommended that the Comptroller's Bureau be requested to install an adequate bookkeeping system, which will include at least a general cash book, a general ledger, a cash book for the disbursing officer and serially numbered stub form armory rental permits.

It was noted that in eight instances armories had been used by private organizations and the charge waived by the Adjutant General.

SERGEANT-AT-ARMS

It is suggested that legislative counsel and agents required under the provisions of sections 39, 40, and 41 of chapter 3 of the General Laws to register with the Sergeant-at-Arms be also required to pay a reasonable fee.

It is also suggested that the sales price of chairs sold to retiring members of the Legislature be fixed at replacement cost.

SECRETARY OF THE COMMONWEALTH

General Records: It is noted that no general ledger is kept—it is suggested that the Comptroller's Bureau be requested to provide a general ledger.

Commission Division: It is understood that in 1937 the various commission forms will be serially numbered. It is suggested that the certificates also be serially numbered and that the Comptroller's Bureau be requested to review the handling of all such forms so that the proper control may be secured.

Corporation Division: It is suggested that one column be reserved exclusively for receipts account of annual certificates of condition.

Document Division: It is noted that as of November 5, 1936, the books in the custody of the Document Division were valued at \$189,112.97. It would seem that the storage facilities are inadequate to handle properly a stock of this size and value. In addition to the books valued at \$189,112.97 there are 18,100 copies of volumes 245 to 288 of Massachusetts Reports in storeroom 5A. The Wright and Potter Printing Company have the sole right to sell these books and the question of responsibility in case of damage by fire or otherwise is raised and also the question of whether the Commonwealth or the Wright and Potter Printing Company is required under the contract to provide the storage space.

Vital Statistics: It is suggested that the Comptroller's Bureau be requested to provide a columnar cash book, with one column reserved for each type of income and that the serial numbers of the regular certificates issued be shown in this cash book.

TREASURER AND RECEIVER-GENERAL

Cashier's Cage: It is suggested that an over and short account be established.

Closed Banks: It is noted that the cash balance includes \$1,526,457.78 on deposit in closed banks, of which \$70,719.40 now represents stock in reorganized banks. It is suggested that the total amount in closed banks be transferred from the cash book balance to a general ledger account, so that the cash book balance may represent cash actually available for disbursement. Possibly legislation may be required to accomplish this.

Massachusetts Notes in Default: Attention is again called to the Massachusetts notes totaling \$764,750 which have been in default since November 30, 1932.

Motor Bus License Deposits: The question is again raised whether the deposits of their own bonds by the Middlesex and Boston Street Railway Co. and the Union Street Railway Co. fulfill the requirements of section 6 of chapter 159A of the General Laws. In this connection it is noted that these deposits were approved by the Department of Public Utilities.

State Bonds and Interest Due but not Paid: It was noted that bonds issued on account of the direct state debt amounting to \$54,266.67 and on account of the contingent debt to \$296,833.33 and that coupon interest on the direct debt amounting to \$4,392.50 and on the contingent debt to \$83,706.25 was due, but that the bonds and coupons had not been presented for payment on November 30, 1935.

ATTORNEY GENERAL

If the Attorney General has been to any expense, namely, cost of serving the papers by a deputy sheriff, such costs are charged when the return is filed. The chief clerk does not accept the \$10 filing fee, but sees to it that it is paid to the Secretary of State. There appears to be no practical way that the Auditor can check the penalties and costs assessed by the Attorney General in connection with filing of the certificates of condition.

Without corresponding with the individuals or concerns whose accounts have been transferred to the Attorney General it is impossible to verify the accounts transferred to the Attorney General for collection. Apparently the Attorney General uses his discretion as to whether suit shall be brought for the collection of the claim, the claim compromised or settled without court action.

The mere checking of the receipts showing on the docket cards to the cash book kept by the cashier does not constitute an audit of the accounts.

If it is desired to arrange the records in the office of the Attorney General so that the State Auditor may make a satisfactory audit of these accounts, several changes in the set-up are necessary.

1. The so-called card docket file which is arranged alphabetically by the names of the persons owing money should be supplemented by a file arranged by state departments and institutions and under each such state subdivision there should be a record of each individual or concern owing money to that particular department or institution, and it should be the duty of whoever has charge of this record periodically to verify it by correspondence with the several departments and institutions.

2. All entries made in the above described file for accounts settled in any manner except by the payment of the amounts due should be supported by authorizations signed by the official responsible.

In addition to the changes in the records, it will also be necessary to establish some definite policy for the chief clerk to follow in handling delinquent certificates of condition.

It will also be necessary for the Attorney General to permit the Auditor to verify by correspondence cases charged off without any payments made.

DEPARTMENT OF AGRICULTURE

Increased Revenue: It is suggested that a survey be made to determine the possibility of increasing the income accruing to the department.

Licenses: It is suggested that all kinds of licenses issued be printed in the form of serially numbered stub license books.

Trespass Signs, Maps, Labels, Etc.: It is suggested that all such articles available for sale be serially numbered.

Milk Plant Dealers' Bonds: It is suggested that the ledger be revised so that all collateral deposited by a dealer will show in one ledger account. It is also suggested that the collateral filed be gone over very carefully to see that all legal requirements have been met, to the end that if it becomes necessary to collect on it that collection may be legally possible.

Mosquito Control Funds: It is suggested that accounts for such funds be raised on the general ledger.

MILK CONTROL BOARD

Cost Study—Milk handling costs: The previous audit report stated: "The accounting firm of Charles F. Rittenhouse & Co. have been employed to make a cost study to determine the dealers' milk handling costs. For this purpose it is understood that \$10,000 was included in the original and \$20,000 in the supplementary budget of 1935. There is no record in the minutes of the board to show that the board ever officially awarded a contract to the firm of Charles F. Rittenhouse, nor is there any record to show that the board ever actually approved this work being done or requested bids from other accounting firms, and further there is nothing to show that the work can be completed so that it will be of value to the state with the sum available."

DIVISION OF LIVESTOCK DISEASE CONTROL

Increased Revenue: It is suggested that consideration be given to making a reasonable charge for cattle treated for blackleg aggression, for inoculation of hogs against cholera—at present no charge is made—and also to increasing the present fee of \$5 for bovine cattle dealers' licenses.

Reimbursement to Owners of Condemned Cattle: It was noted that apparently during the last few years the purchase price of animals as shown on the owner's original request for test has not been checked with the purchase price as shown on the appraisal sheet. Tests made during this examination indicate that sometimes the purchase price on the two forms differs and it is suggested that this comparison be made in the future and an explanation secured from the owner in all cases where differences appear.

DEPARTMENT OF CONSERVATION

DIVISION OF FORESTRY

Referring to the Cambridge Storeroom it is again suggested that a materials and supplies control account be set up on the general ledger, to control the items carried in the storeroom. Certain materials and supplies purchased are shipped direct to the project or to the user and do not pass through the storeroom. However, the storekeeper enters a memorandum record on the stock cards of such items. This method is confusing, and it is believed that a separate set of stock cards relating to items not passing through the storeroom should be kept in conjunction with the regular stock cards. It is also believed that obsolete stock should be cleared from the storeroom and stock records.

DEPARTMENT OF BANKING & INSURANCE

DIVISION OF BANKS

It is suggested that if deemed advisable the present statutes relative to examinations of savings banks by the Bank Commissioner be amended to permit of a charge being made.

It is also suggested that consideration be given to the thought of increasing the charges for examinations of other types of banks and credit unions, so that the division may be more nearly self-supporting.

DIVISION OF INSURANCE

It is noted that there is no charge for the examination for brokers' or agents' licenses. It is suggested that a reasonable examination fee be established.

It is also suggested that the method of handling agents' licenses be revised so that fees for agents' licenses will not be entered in the agents' license column in the cash book until the license is issued.

DEPARTMENT OF CORPORATIONS AND TAXATION

DIVISION OF ACCOUNTS

Municipal audits: It was noted that the accounts of 81 municipalities had not been audited within the two-year period as is apparently required by section 40 of chapter 44 of the General Laws, Tercentenary Edition.

County audits: It was noted that apparently there is no provision in the statutes for assessing the counties for the expenses of audits of county accounts—it is recommended that such legislation be requested.

Bookkeeping system: It is recommended that the Comptroller's Bureau be requested to provide an adequate bookkeeping system, which will include a columnar cash book in which will be recorded all cash transactions and a general ledger containing accounts receivable and stock ledger control accounts.

DEPARTMENT OF EDUCATION

Text Books: It was noted that included in the books on hand October 1, 1936, were certain books which could have been returned to the publisher had advantage been taken of the return provision on the order. It was further noted that included in an inventory of books taken on October 1, 1936, amounting to \$5,181.15 were obsolete books valued at \$1,215.05 or .234%—the books were shown to be obsolete by lists submitted by the University Extension Division.

Text Book Stock Accounts: It is suggested that the Comptroller's Bureau be requested to set up a control account in the general ledger for the stock ledger.

University Extension Classes: It is again suggested that "membership tickets" be serially numbered when printed.

DIVISION OF THE BLIND

Suspense Accounts Receivable: It is suggested that the old accounts, some dating as far back as 1906, now included in the suspense accounts receivable be disposed of in some manner agreeable to the Attorney General.

Credit Rating Service: It is suggested that the division subscribe to the services of some reliable credit rating agency.

Local Shop Tags: It is suggested that the shop tags used in the local shops be serially numbered.

Relief: It is suggested that the authorizations for relief payments be signed and that minutes be kept of the meetings of the relief committee.

MASSACHUSETTS NAUTICAL SCHOOL

Paymaster's Advance Funds: It is suggested that the secretary notify the paymaster, when reimbursement checks, account of advance payments made by the paymaster are deposited in the bank.

Appropriations: Deficits of \$1,589.19 and \$69 were noted in the 1935 maintenance and personal service appropriations, respectively.

Letter of Credit: It is noted that for the summer cruise of 1935 the captain of the school ship deposited the special cruise advance of \$9,000 in the State Street Trust Company and secured in return a \$25,000 letter of credit. It appears to be open to question whether the school has the authority to purchase a letter of credit in excess of the amount advanced for the cruise.

STATE TEACHERS COLLEGE AT FRAMINGHAM

During the course of the current examination it was necessary because of the absence of adequate checking media to forego in a great measure the absolute verification of income. This is particularly true in the instance of transient board, including the high school principals' conference, chemistry breakage fees and library fines.

For some years the audit reports have included recommendations relative to the incorporation of a standard bookkeeping system for transient board, but as yet such suggestions have proven of no avail. This recommendation is therefore again made.

It is also thought that the installation of a room register in the boarding halls would fulfill a very urgent need.

The suggestion is also offered that two old outstanding accounts receivable be turned over to the Attorney General for collection.

STATE TEACHERS COLLEGE AT WORCESTER

Advance Money: It is noted that since 1931, a canceled college check for \$60 representing wages paid a temporary employee, whose employment was disallowed by the Comptroller's Bureau, has been carried as a part of the advance money. It is suggested that this item be cleared.

Maintenance Expenditures: It was noted brooms and mop heads and ash cans were purchased from local concerns, which purchases it would seem should have been made from the State Division of the Blind and the State Prison, respectively.

Towel Fee: It was noted that page 28 of the college catalogue for the school year of 1935-1936 states "For the use of towels in the shower room the laundry fee of \$1.50 per year is charged." Apparently these fees when collected should revert to the State Treasurer as revenue, rather than being held in a special fund at the college.

MASSACHUSETTS SCHOOL OF ART

In connection with the examination of the accounts of the Art School Associates, Inc., it was noted that this association was incorporated on May 3, 1935—it is recommended that the corporation be dissolved and the assets and liabilities transferred back to the former ownership.

It is also recommended that the Comptroller's Bureau be requested to install an adequate bookkeeping system.

It was noted that several months prior to the date of this audit the store manager went to New York City to live and took most of the books and records with him, and that the store continued to pay him his salary while in New York.

MASSACHUSETTS STATE COLLEGE

Improper Payments from Trust Funds: It was noted that on November 30, 1935, the sum of \$100 was paid to trustee Philip F. Whitmore from the income of the Wheeler Fund. This payment appears to be a violation of section 20 of chapter 15 of the General Laws. There were numerous other payments for lunches, extra compensation, etc., from trust fund income which appear to be questionable.

Questionable Trust Fund Investment: It was noted that \$11,600 of trust funds was invested in a real estate mortgage on the fraternity house of Theta Chi fraternity and it is suggested that the Attorney General be requested to rule whether such an investment is proper.

Betsey C. Pinkerton Fund: It was noted that the college compromised a \$10,000 bequest for \$4,500 without referring the compromise to the Attorney General.

Memorial Building Furnishing Fund: This fund was authorized by a vote of the trustees on September 29, 1934, and was established on December 10, 1934, by transferring to it \$1,500.36 from the following funds:

Academic Activities	\$400.00
Text Book	750.36
Uniform	200.00
Social Union Game Room	150.00
	<hr/>
	\$1,500.36
	<hr/>

The transfer of the \$1,500.36 is highly improper and the said funds should be reimbursed to the extent of the amounts transferred. In this connection it may also be said that refurbishing and refinishing of state property is properly provided for only by state appropriation and should not be effected by a juggling of trust funds—funds which have accrued for other purposes.

Failure to Comply with Terms of Certain Trust Fund Bequests: It was noted that in certain trust funds, although the terms of the bequest provide that the income shall be spent annually for certain purposes, that the income has not been expended annually, but has been allowed to accumulate. An example is the Danforth Keyes Bangs Fund—the original bequest was \$6,000 and on November 30, 1935, there was \$9,149.95 of unexpended income on hand. It is the opinion of this department that in such cases the intent of the donor has not been complied with and it is recommended that in the future the funds be handled strictly in accordance with the terms and intent of the bequests.

College Budget Estimates 1936 Fiscal Year: It was noted that approximately \$97,402.37 of federal receipts was not shown on the budget estimates.

Substitute Professor Paid Direct by Absent Professor: It was noted that an associate professor at an annual salary of \$3,360 was carried on the institution pay roll while on sick leave and that the professor provided a substitute who was paid direct by the professor, the substitute's name not appearing upon the college pay roll.

Special Appropriation "For Aid to Certain Students, with the Approval of the Trustees, a Sum not Exceeding Five Thousand Dollars": It was noted that none of the disbursements charged to this appropriation were approved by the trustees as would seem to be required.

Pay Rolls: It is suggested that all pay roll disbursements, including student and special appropriation items, be shown on one pay roll.

Cow Testing: It was noted that approximately \$2,000, the balance remaining in the cow testing account on November 30, 1935, was in accordance with a vote of the trustees expended for the reorganization and improvement of the refrigerating system in the Dairy Building at the College. As beginning with the 1936 fiscal year, cow testing was provided for by state appropriation, the balance remaining in the cow testing fund on November 30, 1935, should have reverted to the State Treasurer as revenue and its expenditure in the manner previously described constitutes a serious misuse of state funds.

Apparently there is no statutory authority for the following funds: Dining Hall; College Store; Homestead.

It would seem that the retention at the college of receipts on account of these funds is contrary to the provisions of Article 53, section 1 of the Constitution and section 27 of chapter 30 of the General Laws.

Farming Report: It is again noted that there is no place where the financial transactions and results of the various farming activities are gathered together and it is suggested that the Comptroller's Bureau be requested to provide for an annual farm report.

BRADFORD DURFEE TEXTILE SCHOOL

Laboratory Tests: In connection with the laboratory tests now being made free for Massachusetts manufacturers attention is called to section 46A of chapter 74 of the General Laws, which apparently provides that the school shall charge for making such tests.

Instructors' Lecture Sheets: It is noted that the so-called instructors' lecture sheets are issued to the students without charge, whereas in at least one of the other textile schools a reasonable charge is made.

Control Accounts: It is suggested that control accounts be raised on the general ledger for key deposits, the athletic fund, trust funds and trust fund income and that the cash transactions affecting such accounts be entered on the general cash book.

Accounts Receivable: As a matter of bookkeeping routine it is desirable that the income accruing to the Commonwealth on account of breakage be entered in the control accounts receivable account.

Locker Keys: It would seem that all locker keys should be returned by the students at the end of the school year and that any money remaining in this account after that time should revert to the State Treasurer as income.

Tickets for Athletic Games: It is suggested that the tickets for athletic games be serially numbered when printed.

LOWELL TEXTILE INSTITUTE

It was noted that \$12,347.23 of assets of the Lowell Textile Associates, Inc., was transferred from this corporation to a special fund administered by members of the faculty, but that the corporation still operates the store.

It is again noted that instructors are being paid from the Special Service Fund—for the period under audit, of the \$8,829.10 collected by the institute for such service, \$5,187.24 was paid to instructors, and \$3,641.86 reverted to the Commonwealth—apparently there is no statutory authority for the payments to the instructors.

DEPARTMENT OF CIVIL SERVICE AND REGISTRATION

DIVISION OF CIVIL SERVICE

It was noted that the Division of Civil Service has no regular source of income.

DIVISION OF REGISTRATION

Attention is called to section 9 of chapter 13 of the General Laws, which requires that the various boards of registration shall establish their offices in the State House—the office of the Board of Registration of Veterinary Medicine is in Gloucester, and the offices of four other boards, while located in Boston, are not in the State House.

It is noted that the general ledger in the Division of Registration shows the shortage of \$90 in the receipts of the Board of Registration of Nurses, but that shortages of \$51 and \$5 in the receipts of the Boards of Registration of Plumbers and Pharmacy, respectively, are not carried on the general ledger. It is recommended that all shortages be shown on the general ledger, and that the Comptroller be requested to rule how such shortages may be cleared.

BOARD OF REGISTRATION OF BARBERS

The two checks of Mr. Trudeau, mentioned in the previous audit report as being held by the Comptroller's Bureau, were found to have been turned over to the board and entered as miscellaneous income in March, 1935.

It is suggested that the barbers' temporary permits and apprentices' registration cards be printed in the form of serially numbered stub permits.

It is suggested that the barbers' certificates of registration be serially numbered when printed.

It is suggested that instead of using unnumbered renewal certificates for duplicates that a special set of serially numbered blanks be secured for this purpose.

BOARD OF DENTAL EXAMINERS

It was noted that this board is not self-supporting, consequently, the suggestion made in the previous audit report, namely, that provision be made for annual renewal with a reasonable fee for registration as dental hygienist, is again made.

It was noted that the suggestions in the previous audit report relative to the serially numbering of certificates and securing special stub books for dentists' back renewal fees and certified statements have been adopted, but that duplicate certificates are still being made out on the same forms as originals—it is again suggested that a special series of serially numbered certificates plainly marked "Duplicate" be secured.

BOARD OF REGISTRATION IN EMBALMING

It is suggested that the embalmers' certificates of registration be serially numbered.

It is noted that there is no complete list of registered embalmers—a card index formerly kept should be brought up to date.

Cash receipts should be entered in the cash book daily as received and deposited with the State Treasurer promptly. On October 3, 1936, the cash to cover certain applications entered in the cash book showed that receipts entered in March 1936 were not deposited with the State Treasurer until August 1936.

When the cash was balanced on October 3, 1936, receipts totaling \$16, some of which dates back to February 21, 1932, were found in the safe. These receipts have never been entered on the cash book and are being held for lack of proper addresses, the money remaining attached to the applications—the receipts should be entered on the cash book and deposited with the State Treasurer.

BOARD OF REGISTRATION IN MEDICINE, INCLUDING CHIROPODY
AND THE BOARD OF REGISTRATION OF NURSES

It is noted that Dr. William A. Bryan, Superintendent of the Worcester State Hospital, is a member of the Board of Registration of Nurses, and that from March 1932 through November 30, 1935, Dr. Bryan received as compensation for attending board meetings the total of \$537.66. Dr. Bryan of course receives a salary from the Commonwealth for his services as Superintendent of the Worcester State Hospital and section 31 of chapter 29 of the General Laws reads "Salaries payable by the commonwealth shall . . . be in full for all services rendered to the commonwealth by the persons to whom they are paid." This would seem to prohibit his acceptance of compensation for attending meetings of the Board of Registration of Nurses and further it would appear that the compensation already received, namely, \$537.66 should be refunded to the state treasury.

It is suggested that the certificates of registration of physicians, chiropodists and nurses be serially numbered.

The previous audit report treated in detail a shortage of \$90 in the accounts of the Board of Registration of Nurses. This shortage has not yet been adjusted, but it is understood that legislation will be requested to take care of it.

BOARD OF REGISTRATION IN PHARMACY

The previous audit report stated, "It was noted that the cash book under date of November 6, 1934, page 210, shows receipts of \$525, but only \$520 as the deposit with the State Treasurer, or a shortage of \$5." On September 8, 1936, this shortage of \$5 still remained. It is suggested that the Comptroller be requested to advise how it should be cleared.

Additional revenue: It is suggested that the question of establishing a fee for the certificate of registration as a pharmacist and a fee for the annual renewal of such certificate of registration be seriously considered.

STATE EXAMINERS OF PLUMBERS

Shortages: There were no shortages during the period under audit, but the previous audit report shows the following shortages:

a/c 1934:

Deferred renewal stub #575	\$15.00
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Less:

Overage transferred to State Treasurer as Income,	
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November 30, 1935	10.00
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	<hr/>	\$5.00
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a/c 1932:

3 Master license renewals at \$5 not entered on cash book	\$15.00
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1 Examination fee not entered on cash book	5.00
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	<hr/>	20.00
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a/c 1931:	
1 Master original license not entered on cash book	15.00
a/c 1930:	
Shortage when cash was balanced on June 30, 1935	7.00
a/c 1929:	
Stubs of master renewal licenses issued April 30, 1929,	
total 93 @ \$5 or \$465, only \$461 entered on cash book . .	4.00
	<u>\$51.00</u>

The financial records of the board are kept on a cash basis, consequently these shortages do not show on the books. It is again suggested that accounts showing all shortages be raised on the controlling books kept in the office of the Director of the Division of Registration, and also that the Comptroller be requested to rule how the shortages should be cleared.

Bad Checks: There were no bad checks not cleared on September 18, 1936, the one of \$14 mentioned in the previous audit report having since been made good.

BOARD OF REGISTRATION IN VETERINARY MEDICINE

It is suggested that in order to make the board more nearly self-supporting that legislation be requested providing for annual renewal, with a reasonable fee, of registration certificates.

DEPARTMENT OF INDUSTRIAL ACCIDENTS

Accounts receivable: It is suggested that all accounts over one year old be transferred to the Attorney General for collection.

Certified Copies: It is suggested that the Comptroller's Bureau be requested to provide some form of serially numbered stub receipt book for use in connection with certified copies.

Foreign Insurance Companies: It is suggested that consideration be given to the thought of appointing the State Treasurer as trustee for the deposits required from foreign insurance companies when the company license is revoked or not renewed.

Industrial Accident Fund: It is suggested that the Comptroller's Bureau be requested to set this fund up on the general ledger of the department and also a special accounts receivable account which should show the amounts due from the insurance companies.

Foreign Deposition Fund: It is suggested that the Comptroller's Bureau be requested to clear this fund from the books.

DEPARTMENT OF LABOR AND INDUSTRIES

DIVISION OF STANDARDS

Increased Revenue: Hawkers' and pedlers' county licenses for which varying fees are charged up to \$10 and of which the Commonwealth retains only \$1 under the provisions of section 23 of chapter 101 of the General Laws—it is suggested that this chapter be amended so that the Commonwealth may retain a more equitable share.

Heavy scale tests are being made for which a truck with necessary equipment was purchased in 1931 at a cost of \$7,000. Approximately 200 tests are made each year and it is suggested that a reasonable fee, possibly \$5, be charged for each such test.

Approval of types of weighing and measuring devices used commercially are frequently requested of the director and it is suggested that a reasonable fee might well be charged for all such approvals granted.

Certificates of competency for measurers of leather are now being issued by the director without charge, and it is suggested that a reasonable fee might well be established.

Transfer Licenses: It is suggested that instead of the blank piece of paper now being pasted on the license over the old name that printed serially numbered stub forms be used for this purpose.

Tests of Clinical Thermometers: It is suggested that the printed report forms used by the laboratory be serially numbered when printed.

DEPARTMENT OF MENTAL DISEASES

Institution Income: Certain recommendations relative to the support accounts, including the suggestion that a control account be set up, were made to the State Comptroller and it is understood that the recommendations will be adopted and put into effect the first of October.

Rockefeller Foundation Grant: It was noted that the business agent of the department is paid \$600 a year from this fund for acting as treasurer of the grant. It is suggested that this payment be referred to the Comptroller's Bureau for a ruling as to whether it is proper to pay a state employee receiving a substantial state salary, a salary from the Rockefeller Foundation Grant.

BELCHERTOWN STATE SCHOOL

Repairs and Renewals: It was noted that expenditures totaling \$47.41 were transferred from the project entitled "Retaining Walls, Power House" to "Slate Roof, Employees' Cottage," apparently to prevent a deficit from showing.

Bituminous Coal: It is noted that two invoices dated October 7 and 8, 1935, respectively, were returned to the Carter Coal Company with the request that the invoices be redated with December, 1935, dates—redating of invoices is prohibited by letter from the Comptroller's Bureau dated November 9, 1935.

Income: It is suggested that sales be recorded, when the sale takes place, rather than wait until payment is received which is the present practice.

Patients' Funds: It is suggested that the Comptroller's Bureau be requested to provide triplicate serially numbered receipt forms for use in connection with the receipt of patients' funds.

Canteen: It is suggested that the Comptroller's Bureau be requested to provide additional information, so that the newly established bookkeeping system may function properly.

BOSTON PSYCHOPATHIC HOSPITAL

It is noted that it is not the practice to refer uncollectible accounts to the Attorney General and that during the period under examination accounts totaling \$10,449.17 were charged off without authorization from that official. In this connection it is suggested that in the future no accounts be charged off without authorization from the Attorney General.

It was also noted that receipts on account of board amounted to only \$4,999.11 for the 1935 fiscal year as compared with \$13,131.65 in 1930, a comparison of such receipts for the six-year period being as follows:

Receipts on Account of Board

Fiscal year 1930	\$13,131.65
Fiscal year 1931	12,480.20
Fiscal year 1932	7,898.63
Fiscal year 1933	7,623.94
Fiscal year 1934	7,055.89
Fiscal year 1935	4,999.11

It is again suggested that the question of the board of patients be reviewed to see if there is not some way in which this type of income may be increased.

Apparently it is not the practice to bill the Division of Child Guardianship or the Division of Juvenile Training for the board of wards of those divisions cared for in the hospital, and in this connection it is suggested that this matter be taken up with the Department of Public Welfare and if agreeable to all concerned render bills for the care and treatment of such state wards.

BOSTON STATE HOSPITAL

In connection with the accounts of the Patients' Funds, it is suggested that the Comptroller's Bureau be requested to provide serially numbered triplicate receipt books.

Referring to the canteen accounts it is suggested that the records be segregated so that separate profit and loss statements and balance sheets can be prepared for the canteen store and the cafeteria.

MEDFIELD STATE HOSPITAL

Farm Accounts: It was noted that of 436 pigs born 268 died and of 481 shoats 153 died, a death rate of 61% and 31%, respectively, which appears excessive. Referring to the production of eggs, milk, beef and pork, it is suggested that the Comptroller's Bureau be requested to furnish additional instruction relative to the proper method of entering such production in the records.

Patients' Funds: It is recommended that the Comptroller's Bureau be requested to provide serially numbered receipt forms for use in connection with the receipt of patients' moneys. It is also recommended that a substantial portion of the balance on deposit in the commercial department of the First National Bank of Boston be transferred to a savings account in order that interest may be earned.

TAUNTON STATE HOSPITAL

It was noted that by letter of June 22, 1936, the business agent of the Department of Mental Diseases advised the institution to settle a bill of \$116.16 due from the Independent Tallow Co. of Woburn for grease, bones, etc., purchased in June, 1935, for \$75.91. There is nothing in the correspondence to indicate that the Attorney General was consulted in this matter.

It was also noted that on March 13, 1936, the canteen loaned \$1,100 to the institution for pay roll purposes, the reason for the loan being that reimbursements of paid schedules were late in arriving from the State House. It is suggested that the proper procedure would have been to ask the Comptroller's Bureau for a temporary advance.

It is suggested that the Comptroller's Bureau be requested to provide serially numbered triplicate receipt books—two series, one for use in connection with receipts account of support of patients and the other for patients' funds.

WORCESTER STATE HOSPITAL

Income not Recorded on Financial Records: An examination of the records in the Physical Therapy Department disclosed that it has been the practice for the past several years to furnish medical treatment to persons who had not been committed to the institution. The record also indicates that the patients were not suffering from any mental disease. It is understood that in some cases the persons so treated made small donations to the hospital which were credited to the "Gift Fund." It is recommended that the institution prepare a list of all outside patients treated during the last six years and that bills be rendered for such treatment and every effort made to collect the amounts charged. In this connection attention is called to regulation No. 16 appearing on page 125 of the hand book of the Department of Mental Diseases which reads in part as follows: "Use of Medical Facilities in Emergency—The charge for this service shall in no instance be less than the cost thereof."

Superintendent's Saddle Horses: It was learned that the superintendent keeps two saddle horses for his own use in the institution's barn. There is no record to indicate that the superintendent has ever reimbursed the institution for the cost to the state for the keep of these two horses. It is recommended that the superintendent be billed at a reasonable rate, not less than 35 cents a day, for the length of time that the two horses have been fed and cared for in the institution barn. It is understood that the two horses have been there over six years.

Superintendent's Maintenance: It was also noted that the records in the treasurer's office show that the superintendent is entitled to two maids as part of his family maintenance. It was learned that a cook carried on the maintenance pay roll as "Institution Head Cook" at a salary of \$1,140 a year is assigned to the superintendent's apartment. In the absence of any approval

for this cook it is recommended that the superintendent reimburse the Commonwealth for the salary paid the cook while working in his apartment.

Medical Equipment Taken from Institution: It is understood that the superintendent permitted one of the physicians to take a certain piece of medical equipment which is used in the regular treatment of patients out of the hospital and that this piece of medical equipment was kept by this physician for at least six weeks for his private use.

Institution State Employees and Officials Whose Names Appear on More Than One Pay Roll: It was noted that there were several doctors and employees who appear upon the state institution pay roll and who also appear on either the Rockefeller Foundation pay roll or the Foundation for Neuro-Endocrine Research pay roll. It is recommended that this question be presented to the Director of Personnel in the Commission on Administration and Finance for determination as to whether such a practice is permissible. It was also noted that there are cases where the individual is paid on one of the foundation pay rolls, but receives maintenance at the institution.

Aliens on State Pay Rolls: In connection with checking the pay roll it was noted that as of September 16, 1936, there were nine aliens in the employ of the institution, four of whom work in the Research Department and the other five included four attendants or nurses and one waitress.

Maids Employed by Certain Physicians: It was also noted that two of the physicians, one of whom is the assistant superintendent, not entitled to maids as part of their family maintenance, each employ a maid whose salaries are paid by the doctors, but who are furnished sleeping quarters in the institution. It is recommended that the institution be reimbursed for the use of the rooms.

Requisitions on Storeroom for Supplies for Vacation: In examining the requisition books of employees receiving family maintenance it was found that before vacation period it has been the practice to draw food supplies from the institution storeroom to carry away with them on their vacation. As a matter of fact the Director of Psychologic Research stated that he thought he was entitled to draw beyond his immediate needs and store up in order that he could take supplies to his summer camp to carry him and his family through their vacation period. No justification can be seen for this practice.

Patients' Funds

Gift Fund: It was noted that during the period under examination disbursements were made from the Gift Fund totaling \$13.64, which appear to be for purchases of office supplies. While there is no law governing the Gift Fund, it would seem that the fund should be used for the benefit of the patients. It is therefore recommended that the Gift Fund be reimbursed for the amount of such improper disbursements, namely \$13.64.

Canteen

It is generally understood that canteen profits shall be expended for the benefit of the patients and it is noted that certain of the disbursements made from canteen profits during the period under examination appear to be for items which should properly have been charged to the maintenance appropriation account. It is recommended that the canteen fund be reimbursed for such disbursements.

It was also noted that in several instances permission was secured from the Department of Mental Diseases to make certain disbursements from canteen profits and that the materials so purchased were not used for the purpose appearing in the letter of request to the Department of Mental Diseases. An illustration is the case of the purchase of 2,200 feet of North Carolina pine kiln dried and 1,000 feet of 3-ply fir, which was requested under date of May 13, 1936, the request stating that the material is to be used for the construction of book cases in the patients' library. This request was approved by the

Department of Mental Diseases under date of May 14, 1936, and while some of it was used for book cases for the patients' library more than half of it was used in the medical library.

It was noted that the treasurer of the hospital who serves as treasurer of the canteen fund is not bonded as far as the canteen money is concerned, which would seem to be required by Rule 5, Regulation No. 14, appearing upon page 124 of the hand book of the Department of Mental Diseases.

Trust Funds

It was noted that during the period under examination disbursements were made from trust funds amounting to \$162.61. These payments covered purchases of various kinds of office supplies, and it would seem that the vote of the trustees on March 11, 1919, which reads "Voted: That henceforth the entire annual net income of the Wheeler Fund, Lewis, and Manson Funds be spent for the benefit of the patients" would prohibit such expenditures. It is recommended that the trust funds be reimbursed for such improper disbursements.

DEPARTMENT OF CORRECTION

REFORMATORY FOR WOMEN

Maintenance—Transient Meals: It is suggested that the Comptroller's Bureau be requested to survey the farm accounting records and provide the necessary instruction to enable the system to function properly. It is noted that it is still the practice to make butter and as apparently butter can be purchased cheaper than it can be made, it is recommended that this practice be discontinued.

Industries Accounts: It is noted that the inventory adjustments seem rather large. It is suggested that the value of the poultry inventory be set up on the financial records, that the canning industry be transferred to maintenance and that overhead in the sewing room be prorated on the basis of estimated manufacturing time.

Inmates' Accounts: It is recommended that the practice of allowing inmates to do "day work" for private families be discontinued. It is suggested that the Comptroller's Bureau be requested to provide serially numbered receipt books for use in connection with the receipt of inmates' funds.

Canteen Accounts: It is suggested that the entire arrangement be revised.

STATE PRISON

Industries

Inventories: It is noted that the supervisor of industries refused to certify to the metal shop inventory of November 30, 1935, his reason being that the inventory as reported was not correct. It later developed that the metal shop inventory was overstated by \$8,768.66, this amount representing automobile number plates included in the inventory and also included in sales. This inexcusable error resulted in a substantial overpayment to the inmates' account of 1935 wages and attention is again called to the fact that inventories must be accurately taken.

Inventory Adjustments: It is noted that during the 1935 fiscal year the adjustments made on the stock records totaled \$69,063.05. Adjustments totaling any such amount are certainly excessive and indicate a lack of proper supervision.

Filing of Orders: It is suggested that one copy of the industry order be filed in numerical sequence in a special file in the business office so that unfilled orders may be under the control of the supervisor of industries.

Accounts Receivable: It is suggested that all doubtful accounts be referred to the Attorney General.

Maintenance

It is noted that the local cash disbursements for the 1935 fiscal year totaled \$1,507.25, and that the majority of the items making up this total

range from 80 cents to \$1. and are not supported by vouchers. It is suggested that many of the items could be grouped at time of purchase and also that a receipted voucher be secured for all purchases.

Inmates' Personal Funds

It is noted that \$2,200. was borrowed in November, 1935, from the First National Bank of Boston, on a note which remained unpaid on December 2, 1935. There can be no legitimate reason or excuse for this borrowing and it is suggested that the Comptroller's Bureau be requested to provide immediately for the payment of this note.

It is suggested that the Attorney General be requested to decide what legal disposition may be made of the accounts of inmates who are deceased or cannot be located.

STATE PRISON COLONY

Additional Revenue: It is suggested that bills be rendered to the cities and towns in all cases which come under the provisions of section 121 of chapter 111 of the General Laws.

Development of State Prison Colony: It is suggested that no further allotments be made from this account and if possible that existing allotments be closed and the total balance in the account reverted prior to the close of the current fiscal year.

Industries: It was noted that \$50,000. transferred from the State Prison Industries Fund by authorization of the Governor and Council dated December 11, 1935, was added to the original capital of \$35,000. An opinion of the Attorney General dated November 19, 1935, would seem to indicate that the \$50,000. was available for only certain types of expenditures, consequently it was suggested that this sum be set up in a special account and that only such expenditures as come within the limitation as set forth in the Attorney General's opinion of November 19, 1935, be charged against it.

Industries—Heat, Power and Light: It is suggested that the maintenance division charge the industries for heat, light and power furnished.

Inmates' Accounts: It was noted that there were several small balances on hand on account of paroled, discharged and deceased inmates—it is suggested that the Comptroller's Bureau be asked to determine how such balances may be disposed of. It is also suggested that a reasonable part of the balance (\$4,702.57 on April 27, 1936) of the Inmates' Personal Fund Account, Account No. 1, be transferred from a commercial account to a savings account. It was noted that the larger portion of the Inmates' Wage Fund is on deposit in a savings account.

DEPARTMENT OF PUBLIC WELFARE

State Accounts: It is suggested that the Comptrollers' Bureau be requested to survey the method of handling requisitions, purchases and issues of the storeroom maintained by the Division of Child Guardianship and if practical establish the standard state stores system. It was noted that the storeroom seems too small properly to take care of the amount of stock now being handled and it is recommended that every effort be made to secure a storeroom of adequate size.

Trustee Accounts: Referring to the trustee accounts Division of Child Guardianship, it is noted that there is no statutory authorization for such funds and it is suggested that permissive legislation be requested and also legislation providing some means of disposing of funds of individuals who are no longer under the jurisdiction of the department and who have apparently disappeared.

BOYS' AND GIRLS' PAROLE DEPARTMENT

It is suggested that the Attorney General be requested to decide what disposition may be made of the savings bank books owned by the wards, now being held as property.

Referring to the wage accounts, it is suggested that the Comptroller's Bureau be requested to set up all necessary accounts, including a control account, so that the exact amount due on account of wages may be available. It is also suggested that the wage accounts unreasonably in arrears be given to the Attorney General for collection and that the question of the responsibility and liability of the Commonwealth to the wards in cases where the employer does not pay be referred to that official for determination.

LYMAN SCHOOL FOR BOYS

Maintenance Stores: It is suggested that more care be devoted to the maintenance stores accounts. It was noted that rarely ever are the stock ledgers posted up to date, consequently when test inventories are taken it is practically impossible to compare such accounts with the stock books. It is recommended that complete physical inventories be taken at least quarterly.

Farm—Monthly Census Reports: It is recommended that more care be used in the compilation of the monthly census reports. The monthly census reports are important records and should reflect accurately the changes in the animals and the exact number on hand at the end of each month.

Farm Produced Butter: It was noted that although the practice of making butter was discontinued in 1935, it was resumed in 1936.

Trust Funds: It was noted that the institution paid from the Lyman Fund to certain teachers at the institution a total of \$401.50 as reimbursement for summer school tuition paid by the teachers. No justification for such payments can be seen, and it is recommended that the teachers be required to repay this money to the Lyman Fund.

It is suggested that a time limit be placed on appropriations made by the trustees from the trust funds when such appropriations are made.

INDUSTRIAL SCHOOL FOR GIRLS

Farm Accounts: The farm accounts were not examined as the farm report for the fiscal year ended November 30, 1935, had not been made out as late as May 20, 1936—this fact would indicate that the Comptroller's Bureau should furnish the institution with additional instruction relative to the operation of the new farm accounting system.

It was noted that butter is still being made and as butter can be purchased far cheaper than it can be produced it is recommended that this practice be discontinued.

Inmates' Accounts: It is suggested that the inmates' money and accounts be centralized in the business office and that the Comptroller's Bureau be requested to provide an adequate bookkeeping system, including serially numbered triplicate receipt books.

MASSACHUSETTS HOSPITAL SCHOOL

State Accounts

It is suggested that certain old accounts due from cities and towns be referred to the Attorney General for collection.

Attention is called to the manner provided by section 2 of chapter 440 of the Acts of 1936 for the collection of amounts owed by cities and towns.

Referring to the farm accounts it is suggested that more care be taken in preparation of the weekly census reports and it is also suggested that the Comptroller's Bureau be requested to provide further instruction relative to the handling of the entire farm accounting system.

Trust Funds

It is again suggested that an account be raised on the books of the Massachusetts Hospital School which will show the value of the trust fund being held by the Boston Safe Deposit and Trust Company.

STATE INFIRMARY

Gratuities: The practice of paying gratuities to inmates was stopped several years ago—apparently this practice has been revived as from August 1, 1936, to September 14, 1936, the sum of \$91 was charged to gratuities.

Improper Use of State Property: It was noted that the superintendent and his son buy gasoline from the institution.

A state-owned bus, the property of the institution makes two round trips daily to Lowell transporting children of institution officials and employees to school—there are public schools including a high school in the town of Tewksbury and no justification can be seen for using a state owned bus for any such purpose.

During the audit, an investigation was conducted by the trustees in a matter involving the sale of cement, lime, etc. to the amount of \$4.53 to the Commissioner of Public Welfare, also the loan to the Department of Public Welfare of a Chevrolet truck register number S1469 from July 12 to August 6, 1936. On the return of the truck repairs were necessary costing \$22.08. Furniture was also sent from the Commissioner of Public Welfare's office to the institution and repaired by the institution carpenter, and a screen made for the commissioner's office.

It was learned from a letter dated July 21, 1936, from the Commissioner of Public Welfare to the institution that the lime, cement, etc. were to be used on a plastering job in the commissioner's house. Tools and lumber were also loaned for this purpose by the institution. Chevrolet truck No. S1469 was loaned to the Commissioner of Public Welfare from July 12, 1936, to August 6, 1936. On return it was necessary to repair the truck, the repairs costing:

Labor	\$10.50
Parts	11.58
	<hr/>
	<u>\$22.08</u>

The sale to the Commissioner of Public Welfare of cement was recorded on sales slip 8302 #3 dated August 18, 1936, the sales slip reading as follows:

5 bags Red Top @ \$.64.....	\$3.20
1 bag Plaster Paris.....	.91
2 bags Hydr. Lime.....	.42
	<hr/>
	<u>\$4.53</u>

This amount was paid by the Commissioner of Public Welfare on September 21, 1936, by check.

Pay Roll: It was noted that since the previous audit, two new positions have been established and filled, namely, treasurer and assistant steward. It was also noted that a Mr. C. T. Dame, employed on August 26, 1935, is carried on the pay roll as storeroom helper at \$780 a year and maintenance—he does not work in the storeroom and it was impossible to find out what work he was actually doing.

Stores Accounts: It was noted that the adjustment requisitions bear neither the approval of the superintendent or an explanation of the difference, as is required by the Comptroller's Bureau.

Farm Accounts: It is suggested that more care be used in compiling the weekly census reports of animals—numerous errors were found in the census reports of 1935.

Private Patients: Apparently from the hospital records persons have been treated and no bill rendered—it is again suggested that some system be provided so that the treasurer's office may be notified promptly of all cases treated.

Patients' Funds

It is suggested that the Comptroller's Bureau be requested to provide a columnar cash book, with one column on the credit side reserved for payments to the canteen.

It is also suggested that if practical the patients' requisitions be serially numbered.

Community Store

It was noted that a physical inventory taken on September 14, 1936, of the items in the store available for sale amounted to \$1,906.67 as compared with a book figure of \$2,327.65, or a shortage of \$420.98 (.028%) in relation to sales of \$14,857.21. There was no satisfactory explanation for this difference. Many errors were noted in the conversion of cost to selling prices—more care should be used in the conversions. It is suggested that a complete physical inventory be taken monthly by the steward and differences between the physical inventory and the book figure run down and explanation noted.

DEPARTMENT OF PUBLIC HEALTH

It is suggested that all licenses and permits be printed in the form of serially numbered stub licenses or permit books.

It was noted that for the 1935 fiscal year the receipts on account of income amounted to only \$5,769.29 as compared with disbursements under appropriations of \$1,233,202.57. It is suggested that the various services furnished by the department be reviewed with the thought in mind of establishing fees where proper. Possibly, legislation might be asked requiring the city or town to return to the department one-half of the fee collected for issuance of permits to manufacturers of ice cream.

LAKEVILLE STATE SANATORIUM

Undetermined Cases: It is suggested that the Comptroller's Bureau be requested to provide a better method of recording undetermined cases.

Sales: It is suggested that all sales be entered in the books when sales are made, rather than wait until payment is received.

Canteen: It is suggested that the institution treasurer give the canteen clerk and the newsboy receipts when they turn money over.

NORTH READING STATE SANATORIUM

Comment has been made in the audit reports of the previous examinations of the practice of charging the parents for clothing issued to certain children and attention is again called to this matter, as such charges are apparently illegal. (Opinions of the Attorney General 1920, pages 102-104.)

Referring to the farm accounts it is suggested that every possible effort be made to keep the 1936 farm records accurately and carefully so that the farm report for the fiscal year ended November 30, 1936, may correctly reflect the results of farm operation.

PONDVILLE HOSPITAL

It was noted that the unpaid private cases have increased from \$6,752.06 on May 1, 1932, to \$22,568.84 on June 4, 1936, and it is suggested that the cases be reviewed and the ones on which settlement can be determined billed to the respective city or town.

It was also noted that the balance due from the city of Boston dropped from \$27,086.39 on July 1, 1933, to \$17,163.64 on June 4, 1936, due in a great measure to the State Treasurer withholding a commonwealth check payable to the city of Boston until certain payments had been made by the city. It is suggested that as \$14,042.64 out of the total of \$17,163.64 now due represents charges incurred prior to the present fiscal year that it might be well to request the State Treasurer to hold up the next payment to the city of Boston.

DEPARTMENT OF PUBLIC SAFETY

Increased Revenue: It is suggested that the fees for licenses and inspections be materially increased—for instance, it is noted that the annual renewal fee of an elevator operator's license is 50 cents, that the fee for the inspection of moving picture apparatus is 50 cents and that the inspection of the so-called leader of inflammable moving picture film is only 60 cents. It would also seem as though there might well be an annual renewal fee for licenses for engineers and firemen.

Serially Numbered Licenses: It is suggested that all licenses, both originals and renewals, be issued from serially numbered stub license books and that formal serially numbered stub permit books be used in connection with permits for "Lord's Day Entertainments." In this connection it is also suggested that if practical all licenses be issued from the main office.

Inspections: It is suggested that all certificates, tags, etc. issued as a result of inspections made be serially numbered and if such articles must be in the possession of the various inspectors, that a careful record of the numbers assigned to each inspector be kept and periodical check-ups made to account for the sequence of numbers.

Uncollected Accounts: It was noted that during the period under examination accounts totaling \$458.43 were charged off as uncollectible without authorization from the Attorney General, and in this connection it is suggested that in the future no accounts be charged off until such authorization is secured.

Boxing Forfeiture Fund: This fund is made up of forfeited purses of boxers who have either violated the rules or given an unsatisfactory performance. Over a period of years the sum of \$6,172.26 has been so accumulated and it is suggested that the balance now in the fund be transferred to general revenue and that in the future such forfeitures be transferred annually to revenue.

DEPARTMENT OF PUBLIC WORKS

Transits: The records indicated that on May 3, 1936, there were 202 transits in the possession of the department and that the transits were worth approximately \$300.00 each—14 transits could not be located.

Delay in Billing—Pier No. 5: In connection with checking the manifests to billings it was noted that sometimes the date of the bill rendered is materially later than the date the ship docked—it is suggested that all bills be rendered promptly.

Pay Rolls and Time Records: It is suggested that a separate bank account be opened for each pay roll district.

It was noted that the time records of District No. 6 for the week ending November 27, 1935, were considerably mixed up.

It was noted that an agreement was made with the International Business Machine Corporation for the rent of certain machines and tabulating devices for use in connection with the pay rolls and for pay roll analysis. As the machine system has been in operation only a short time no comparison of the cost of operation of the old and new methods was made.

Bid and Specification Deposits: It is suggested that a special bank account be opened for such funds.

Advance Money: It is suggested that a signed voucher be secured to cover each permanent travel advance made to employees.

DEPARTMENT OF PUBLIC UTILITIES

Increased Revenue: It is noted that the Department of Public Utilities recommends legislation to permit of a fee being charged when a common carrier certificate or a contract carrier permit is transferred or assigned, such transfer and assignment being permissible under section 7 of chapter 264 of the Acts of 1934. It is suggested that legislation also be sought to permit of a fee being charged when authorization is granted to transfer carrier plates from one vehicle to another.

Carrier Plates: It is suggested that place cash sheet registers similar to the ones in use at the Registry of Motor Vehicles be secured for use in connection with recording the receipts on account of issue of carrier plates.

Accounts Receivable Account: It is suggested that the Comptroller's Bureau be requested to install a control accounts receivable account in the general ledger.

Carrier Certificates and Permits: It is suggested the common carrier certificates and contract carrier permits be printed in the form of serially numbered stub books.

METROPOLITAN DISTRICT COMMISSION

Appalachian Mountain Club: It was suggested in the previous audit report and is again suggested in this report "that a yearly rent be charged commensurate with the benefit derived by the club from the use of the land."

Joseph M. Vucassovitch Account: This account was treated in detail in the previous audit report. The old balance due November 30, 1934, of \$40,609.95 remains the same on November 30, 1935, and it is suggested that in view of the successful and profitable season that every effort be made to secure a substantial payment from Vucassovitch. Further reference to this matter will be found later in this report.

Accounts with the Attorney General: It is suggested that the Attorney General be requested to report to the commission in writing the status of the accounts referred to his department by the commission—on May 14, 1936, there were with the Attorney General, exclusive of the Vucassovitch account, 42 accounts aggregating \$11,897.83, some of which are very old.

Accounts to be Referred to the Attorney General: It is suggested that the 10 accounts aggregating \$1,991.13 due November 30, 1935, and remaining unpaid May 14, 1936, be given to the Attorney General for collection. A list of such accounts will be found in a later section of this report.

Duplicate Bills: It is suggested that all bills be rendered through the office of the financial secretary and that duplicate bills be retained in that office.

METROPOLITAN DISTRICT WATER SUPPLY COMMISSION

Pay Roll Identification: It was noted that the timekeeping records of the clearing project were in some instances poorly kept. It is suggested that a better identification of the person paid could be secured by requiring photographs of all persons employed. A photostatic copy of the identification card showing photograph, signature and other necessary data regarding the employee could be made. Such card would be held by the employee, turned in when he received his pay and returned to him the following day.

Payments Pending: The following payments are pending:

Boston and Albany Railroad.....	\$575,000.00
Collins Manufacturing Company.....	300,000.00
	<hr/>
	<u>\$875,000.00</u>

The item of \$575,000. on account of the Boston and Albany for the purchase price of part of the central branch and general release for all claims for damages was entered in 1935 on the books of the commission as paid and the Comptroller's Bureau sent it on a warrant to the Governor and Council, where payment is being held up pending a court decision.

The item of \$300,000. on account of the Collins Manufacturing Company, which covers anticipated damages caused by the diversion of water rights, has been entered as paid on the books of the commission, but not on the books of the Comptroller as that official has not yet approved this item.

Perpetual Care Funds: Apparently there is some question as to whether the commission is authorized to require cemeteries to turn over to it the perpetual care funds. It is suggested that this question be referred to the Attorney General for determination. In connection with the perpetual care funds it was understood that it is the intention of the commission in the case of all funds of less than \$100 turned over to it to increase such funds to \$100.